

STATE OF CONNECTICUT



*AUDITORS' REPORT
OFFICE OF POLICY AND MANAGEMENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2002, AND 2003*

AUDITORS OF PUBLIC ACCOUNTS

KEVIN P. JOHNSTON ❖ ROBERT G. JAEKLE

Table of Contents

INTRODUCTION	1
COMMENTS	1
Foreword.....	1
Finance Advisory Committee.....	3
Significant Legislation.....	4
Résumé of Operations	6
Receipts	6
Expenditures	7
CONDITION OF RECORDS	11
Procedures-Distressed Municipalities Grant.	11
Codification of the Pension Agreement Changes.....	13
Personal Service Costs, Waiver of Competitive Bidding.....	14
Personal Service Agreement-Timely Approval or Disapproval by the Secretary.....	15
Statutory Reporting Requirements/Connecticut Progress Council.	16
Human Services Procurement Procedures.....	18
Special Project Grants.	19
State-Owned Property Payment in Lieu of Taxes (PILOT) Program.....	20
RECOMMENDATIONS	22
CERTIFICATION	26
CONCLUSION	28

February 28, 2008

**AUDITORS' REPORT
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We have examined the records of the Office of Policy and Management (OPM) for the fiscal years ended June 30, 2002, and 2003. This report on the examination consists of the Comments, Condition of Records, Recommendations and Certification which follow.

Financial statement presentation and auditing is being done on a Statewide Single Audit basis to include all State agencies. This audit examination has been limited to assessing the Office of Policy and Management's compliance with certain provisions of financial related laws, regulations, contracts and grants, and evaluating the internal control structure policies and procedures established to ensure such compliance.

COMMENTS

FOREWORD:

The Office of Policy and Management operates under the provisions of various State Statutes. Primarily, it operates under Title 4, Chapter 50, and Title 16a, Chapters 295 through Chapters 298b, of the General Statutes. The department head, the Secretary of OPM (Secretary), is appointed by the Governor. The OPM's statutory authority is broad. It serves as a centralized management and planning agency. As described in Section 4-65a, the OPM is responsible "for all aspects of State planning and analysis in the areas of budgeting, management, planning, energy policy determination and evaluation, intergovernmental policy, criminal and juvenile justice planning and program evaluation".

Pursuant to Sections 12-1c and 12-1d of the General Statutes, the OPM's function also encompasses responsibilities related to municipal finance and local taxes. These tasks include processing various tax-related grants to towns. For instance, the OPM makes payments in lieu of taxes (PILOT) on qualifying manufacturing machinery and equipment exempt from local taxation. The OPM also reimburses towns for various tax relief programs (e.g. elderly homeowners, veterans, and the totally disabled). Also, pursuant to Sections 12-170bb and 12-170d through 12-170g, the OPM partially refunds the rent and certain utilities of eligible renters who meet income and age or disability requirements.

Pursuant to Section 4-66 of the General Statutes, the OPM's fiscal and program responsibilities include the following:

- To keep on file information concerning the State's general accounts
- To participate in the making of State capital (physical plant and equipment) plans
- To prescribe reporting requirements to State agencies and to analyze and to act upon such reports
- To convey financial information to the General Assembly and the State Comptroller
- To review and assist in improving the operations of State agencies

The OPM is also responsible for various oversight and control functions, for instance:

- The preparation and implementation of the State's budget - Chapter 50, Part II (Sections 4-69 to 4-107a) of the General Statutes.
- The establishment of agency financial policies; the review and approval of budgets for financial systems and taking action to remedy deficiencies in such systems; the advising of agencies of financial staff needs; the recommending of career development programs for managers; and the coordination of transfers of financial managers are responsibilities assigned to the OPM's Office of Finance under Section 4-70e of the General Statutes.
- The oversight and coordination of contracting by State agencies for outside personal service contractors. Personal service contractors provide consulting or other contractual services to State agencies - Chapter 55a (Sections 4-205 through Sections 4-229) of the General Statutes.
- The administration of the Capital Equipment Purchase Fund used to purchase capital equipment for State agencies - Section 4a-9 of the General Statutes.
- The administration of the State Single Audit program - Chapter 55b (Sections 4-230 to 4-236) of the General Statutes. This program is responsible for ensuring adequate audit coverage of State grants to certain recipients.
- The Office of Labor Relations (OLR) within the OPM acts on behalf of the State in collective bargaining and other roles requiring employer representation. Under the provisions of Chapter 68 ("Collective Bargaining For State Employees") of the General Statutes, the governor has designated OLR to act as the representative of the State.
- The Energy Research and Policy Development Unit within the OPM's Strategic Management Unit is responsible for carrying out the statutory purposes of Title 16a - Planning and Energy Policy, Chapters 295, 296, 297 and 298.

In addition, the OPM is responsible for coordinating the activities of certain advisory bodies and other programs pursuant to various statutes.

- Municipal Finance Advisory Commission (Section 7-394b of the General Statutes)
- Connecticut Energy Advisory Board (Section 16a-3 of the General Statutes)
- Connecticut Advisory Commission on Intergovernmental Relations (Section 2-79a of the General Statutes)
- Commission on Prison and Jail Overcrowding (Sections 18-87j and 18-87k of the General Statutes)
- Connecticut Partnership for Long Term Care (Section 17b-252 of the General Statutes)
- Tobacco and Health Trust Fund Board of Trustees (Section 4-28f of the General Statutes)

- Drug Enforcement Grant Program (Section 21a-274a of the General Statutes)
- Neighborhood Youth Center Grant Program (Section 7-127d of the General Statutes)
- Juvenile Justice Advisory Committee (Federally funded Juvenile Justice and Delinquency Prevention Act)

Marc S. Ryan served as the Secretary of the Office of Policy and Management during the audited period. Marc S. Ryan resigned his position effective January 3, 2005. Robert L. Genuario was appointed Secretary of the Office of Policy and Management in January, 2005, and continues to serve as Secretary.

Finance Advisory Committee:

The Finance Advisory Committee (FAC) is authorized under Section 4-93 of the General Statutes. It consists of the Governor, Lieutenant Governor, State Treasurer, State Comptroller, two Senate members, and three House members of the Appropriations Committee. The Senators must be of different political parties. No more than two of the three Representatives can be of the same party. The President Pro Tempore of the Senate appoints the Senators. The Speaker of the House appoints the Representatives. Those legislative leaders also appoint alternate members equal to their number of regular appointees. The party affiliations of the alternates must match those of the regular members. The alternates serve in the appointees' absence.

The legislative members are appointed upon the convening of the General Assembly in each odd numbered year. They serve until the convening of the next regular legislative session in an odd-numbered year. The FAC meets on the first Thursday of each month and at such other times as the Governor designates.

Committee members at June 30, 2003, were:

Ex Officio Members:

Governor John G. Rowland
Lieutenant Governor M. Jodi Rell
State Treasurer Denise Nappier
State Comptroller Nancy Wyman

Legislative Members – Appointed:

Senator Robert L. Genuario
Senator Toni Harp
Representative William R. Dyson
Representative Annette Carter
Representative Peter A. Metz

Legislative Members - Appointed Alternate:

Senator Judith G. Freedman
Senator Joan V. Hartley
Representative Robert M. Ward
Representative Terry Backer
Representative Konstantinus Diamantis

Senator Joseph J. Crisco, Jr. and Representative Kevin Ryan also served during the audit period. The Secretary of OPM serves as the clerk and records the minutes of the Committee's meetings.

Various statutes authorize the FAC to approve appropriation transfers and other budgetary changes. A majority of the items approved by the FAC are done in accordance with the provisions of Section 4-87 of the General Statutes. That Section requires Committee approval for all appropriation transfers between accounts of the same agency when those transfers exceed a certain amount (\$50,000 or ten percent of the specific appropriation, whichever is less).

Significant Legislation:

Notable legislative changes, which took effect during the audited period, are presented below:

Public Act 02-5, Section 19, of the May 9, 2002, Special Session, effective July 1, 2002, requires that on or before February 1, 2003, and annually thereafter the Secretary of the Office of Policy and Management shall prepare a report on the status of the Adriaen's Landing and University of Connecticut football stadium projects. The report must be made to members of the Senate, the House of Representatives, and the joint standing committee of the General Assembly having cognizance of matters pertaining to finance, revenue and bonding. The act sets forth detailed requirements for the form, and content of the report.

Public Act 02-49, Section 3, effective May 9, 2002, establishes the requirement for a committee to analyze the data a town uses to base its certification of exemption from the requirement to implement a scheduled revaluation. The committee is required to complete the review no later than three months after the Secretary of the Office of Policy and Management receives the town's certification of exemption from such requirement. The committee is required to establish whether the town complied with statutory requirements in performing the analysis of property. In the event the exemption certificate is rescinded by the Secretary of the Office of Policy and Management, the town is required to implement a revaluation of all real property as soon as possible.

Public Act 02-143, Sections 1 and 2, effective July 1, 2002, requires assessors to notify the Secretary of the Office of Policy and Management in writing when a taxpayer has ceased operations or moved machinery for which a personal property exemption was granted. When receiving such notification, the State shall take certain measures to place a lien on the equipment. The amount of the lien shall be for the total amount of the property tax exemption granted.

Public Act 03-132, Section 2, effective October 1, 2003, requires that State agencies submitting a supporting schedule of agency energy costs must include a plan for energy conservation, and a statement of the progress made in energy conservation during the latest fiscal year.

Public Act 03-132, Section 3, effective October 1, 2003, requires the Office of Policy and Management to obtain a report from each agency concerning the methods available to the agency to reduce energy costs and the feasibility of implementing those methods.

Public Act 03-132, Section 4, effective June 26, 2003, requires the Office of Policy and Management and the Department of Public Works to establish a pilot program whereby an existing State facility or complex of facilities shall be covered by an energy performance contract with a private vendor.

Public Act 03-230, Section 3, Subsection (b), effective October 1, 2003, requires the Secretary of the Office of Policy and Management to implement a system requiring all state agencies to annually calculate energy use.

Public Act 03-230, Section 4, Subsection (d), effective October 1, 2003, requires the Secretary of the Office of Policy and Management or his designee to convene periodic meetings with representatives from the top ten energy consuming agencies to discuss opportunities for energy savings.

RÉSUMÉ OF OPERATIONS:

Receipts:

Receipts of the Office of Policy and Management totaled \$502,027,972 and \$527,204,895 for the 2001-2002 and 2002-2003 fiscal years, respectively. A summary of those receipts, with 2000-2001 fiscal year figures used for comparison, follows:

	<u>2000-2001</u>	<u>Fiscal Year</u> <u>2001-2002</u>	<u>2002-2003</u>
<u>General Fund:</u>			
Casino Gaming Receipts:			
Mashantucket Gaming	\$ 174,567,112	\$ 183,631,408	\$ 179,729,286
Mohegan Gaming	<u>128,589,966</u>	<u>154,505,286</u>	<u>174,387,178</u>
Total Indian Gaming Receipts	303,157,078	338,136,694	354,116,464
Federal restricted contributions	30,441,562	21,540,763	22,059,121
Other restricted contributions	1,377,816	1,461,995	11,810,717
Refunds of grants and other expenditures	10,545,258	236,299	617,986
All other receipts	<u>52,933</u>	<u>34,820</u>	<u>35,527</u>
Total General Fund	<u>345,574,647</u>	<u>361,410,571</u>	<u>388,639,815</u>
<u>All Other Funds:</u>			
Tobacco Settlement Fund Proceeds (1507)	112,534,760	139,968,182	137,914,440
All other	<u>4,238,915</u>	<u>649,219</u>	<u>650,640</u>
Total All Other Funds	<u>116,773,675</u>	<u>140,617,401</u>	<u>138,565,080</u>
Total Receipts, all funds	<u>\$ 462,348,322</u>	<u>\$ 502,027,972</u>	<u>\$ 527,204,895</u>

As indicated, casino gaming receipts comprise the bulk of receipts. Although these receipts are credited to the OPM, the Department of Revenue Services, Division of Special Revenue processes them. Audit coverage of these amounts is performed by the audit of that agency. A substantial portion of these funds was transferred into the Mashantucket Pequot and Mohegan Fund and used for grants to towns as discussed above.

The most significant General Fund revenue that the OPM processes is Federal restricted contributions. These contributions financed various Federally-assisted programs. The use of these receipts is restricted for particular programs or projects by Federal law. Typically, Federal aid is accounted for on a receivable basis. Collections are delayed until money is spent on eligible program or project costs.

Section 4-28e through 4-28f of the General Statutes established the Tobacco Settlement Fund to account for funds received by the State in conjunction with the Tobacco Litigation Master Settlement Agreement executed on November 23, 1998. For the 2001-2002 and 2002-2003 fiscal years, the total revenue received was \$139,968,182 and \$137,914,440, respectively. These receipts are a product of the sales of the major tobacco companies and are calculated in advance by a CPA firm assigned to the Settlement by the courts.

Expenditures:

As required by generally accepted accounting principles (GAAP) for government, agency transactions are accounted for through various State funds. Funds account for State resources designated for particular purposes and/or under certain requirements. As indicated below, in addition to its own accounts, the OPM is responsible for processing payments charged to certain appropriation accounts maintained by the State Comptroller. Also, certain special revenue and capital project funds recorded as the OPM's accounts were processed by other agencies. Total expenditures processed by the OPM were as follows:

	<u>2000-2001</u>	<u>Fiscal Year</u> <u>2001-2002</u>	<u>2002-2003</u>
<u>OPM Appropriations:</u>			
General Fund	\$ 245,853,731	\$ 251,052,808	\$ 195,392,153
Special Revenue Funds	103,318,070	108,442,225	114,454,435
Capital Project Funds	4,744,814	6,467,200	6,407,566
Funds Awaiting Distribution	<u>1,657,977</u>	<u>350</u>	<u>26,420</u>
Total OPM Appropriations	<u>355,574,592</u>	<u>365,962,583</u>	<u>316,280,574</u>
<u>State Comptroller's Appropriations:</u>			
General Fund	161,922,488	166,990,952	165,890,952
Special Revenue Fund	130,094,559	135,000,000	105,992,000
Funds Awaiting Distribution	<u>560,050</u>	<u>115,126</u>	<u>59,300</u>
Total State Comptroller's Appropriation	<u>292,577,097</u>	<u>302,106,078</u>	<u>271,942,252</u>
Total Agency Expenditures	<u>\$ 648,151,689</u>	<u>\$ 668,068,661</u>	<u>\$ 588,222,826</u>

OPM General Fund Expenditures:

General Fund expenditures charged to the OPM's appropriations for the 2001-2002 and 2002-2003 fiscal years, were \$251,052,808 and \$195,392,153, respectively. A summary of those expenditures, with 2000-2001 fiscal year figures used for comparison, follows:

	<u>2000-2001</u>	<u>Fiscal Year</u> <u>2001-2002</u>	<u>2002-2003</u>
<u>Budgeted Appropriations:</u>			
Personal Services	\$ 12,935,196	\$ 13,456,364	\$ 12,505,550
Other Expenses	3,268,061	2,724,187	1,412,368
Equipment	1,000	4,810	1,000
Special Program or Project	13,100,510	17,214,501	8,103,132
Budgeted Program of Aid:			
To Other Than Local Government	22,511,581	24,829,027	14,677,438
To Local Governments	<u>164,936,675</u>	<u>167,851,013</u>	<u>101,607,576</u>
Total Budgeted	<u>216,753,023</u>	<u>226,079,902</u>	<u>138,307,064</u>

Restricted Contributions:

Non-Federal	6,641,103	4,304,492	29,849,226
Federal	<u>22,459,605</u>	<u>20,668,414</u>	<u>27,235,863</u>
Total Restricted	<u>29,100,708</u>	<u>24,972,906</u>	<u>57,085,089</u>
Total General Fund	<u>\$ 245,853,731</u>	<u>\$ 251,052,808</u>	<u>\$ 195,392,153</u>

The decrease reflected in Other Expenses is primarily due to a decrease in grants issued for special projects at the Secretary's discretion pursuant to Public Act 00-192, Section 13 and Public Act 00-1, Section 13 of the June Special Session and a letter from the Joint Committee on Legislative Management to the Office of Fiscal Analysis regarding the legislative intent for the use of such funds.

The decrease reflected in payments to Local Governments for the 2003 fiscal year is primarily due to the lack of the One-Time Surplus Revenue Sharing Grant; (pursuant to Sections 35 and 82 of Special Act 00-13); which provided \$34,000,000 in funding during 2001, and \$31,250,000 during 2002.

The expenditures under Special Programs or Project for both fiscal years 2002 and 2003 were primarily made up of Justice Assistance Grants, Neighborhood Youth Centers, Children and Youth Programs Development, and the Leadership, Education, Athletics in Partnership Program. The largest of the special programs was in fiscal year 2002 with expenditures totaling over \$7,500,000 for the lease option for Adriaen's Landing.

Special Revenue Funds:

Special Revenue Funds are used to finance a particular activity in accordance with specific State laws or regulations. Funds in this group are financed with bond sale proceeds or through specific State revenue dedicated to a particular activity.

Special Revenue Funds:	<u>Fiscal Year</u>		
	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>
Inter-Agency/Intra-Agency Grants-Tax Exempt Proceeds(1169)	\$ 111,651	\$ 20,725	\$ 690,719
Local Capital Improvements	29,999,985	29,999,166	22,497,078
Capital Improvement Purchase(1872)	496,880	3,218	27,507
Grants to Local Governments (1873)	4,243,500	1,482,686	1,718,410
Htfd Downtown Redevelopment(1971)	<u>68,466,054</u>	<u>76,936,430</u>	<u>89,520,721</u>
Total Special Revenue Funds	<u>\$ 103,318,070</u>	<u>\$ 108,442,225</u>	<u>\$ 114,454,435</u>

The increase in the Hartford Downtown Redevelopment Fund expenditures is due primarily to the progress related to the Adriaen's Landing Project, the UCONN football stadium at Rentschler Field, the convention center and other project components initiated under Sections 17, and 26 through 46 of Public Act 99-241 and amended under Sections 1 through 40 of Public Act 00-140.

Outside of the Hartford Downtown Redevelopment project, the Local Capital Improvement Program (LoCIP) Fund comprises most of the expenditures. The program operates under Sections 7-535 to 7-538 of the General Statutes. State bond proceeds finance the program. The OPM reimburses towns for up to 100 percent of the cost of eligible capital improvement projects. Eligible projects generally consist of the construction, renovation, repair, and resurfacing of roads; sidewalk and pavement improvements; and public buildings and public housing renovation and improvements.

The decrease in Grants to Local Governments and Others is primarily due to the 2001 transfer of funds to the Department of Economic and Community Development for administering a grant-in-aid to the Naugatuck Valley Development Corporation for planning, design and land acquisition related to the relocation of The University of Connecticut Waterbury Campus and a new city cultural, arts and academic magnet school not to exceed \$4,000,000 in accordance with Section 13 of Public Act 99-242.

Capital Projects Funds:

Capital projects funds account for bond sale proceeds used to acquire capital facilities financed from State bond sales proceeds. The Legislature authorizes funds through bond act legislation. Subsequent State Bond Commission approval is generally required to make the funds available. Capital projects funds were primarily made available to the OPM for costs involving energy conservation and development of an offender based tracking system.

<u>Capital Projects Funds:</u>	<u>2000-2001</u>	<u>Fiscal Year 2001-2002</u>	<u>2002-2003</u>
Community Conservation (3795)	\$ (14,536)	\$ 118,141	\$ 31,310
Energy Conservation (3911)	2,469,333	752,183	81,628
Purchase/Install. Energy(3931)	100,000	-	-
Phase I Dev. Of Criminal Justice			
Agencies (3951)	60,336	-	-
Offender based Tracking System(3961)	1,738,699	1,312,858	2,384,426
Offender based Tracking System(3971)	-	-	2,600,000
Offender Based Tracking System(3981)	-	-	1,304,665
Offender Based Tracking System(3991)	<u>390,982</u>	<u>4,284,017</u>	<u>-</u>
Total Capital Projects Funds	<u>\$ 4,744,814</u>	<u>\$ 6,467,199</u>	<u>\$ 6,402,029</u>

Agency Fund:

The Funds Awaiting Distribution account contains a \$1,657,977 expenditure for fiscal year 2001, and \$350 and \$26,420 in 2002 and 2003, respectively. The amount expended in 2001 was due primarily to a duplicate drawdown of Federal monies from the U.S. Department of Justice. The monies have since been returned.

Comptroller Appropriations:

By statute, the OPM is responsible for calculating and distributing three unrestricted grants to towns paid from appropriations of the State Comptroller. Two of these grants are paid from the

Auditors of Public Accounts

State's General (operating) Fund while the other is paid from a special revenue fund, the Mashantucket Pequot and Mohegan Fund.

The two General Fund grants consist of PILOT (Payment in Lieu of Taxes) programs partially reimbursing lost local tax revenue on certain tax-exempt State property and the property of private colleges and general hospitals. These programs operate under Sections 12-19a through 12-20b of the General Statutes. The Mashantucket Pequot and Mohegan Fund grant is a formula-based grant to towns. The formula is based on a number of factors including the value of the PILOT grant payments to towns, town population, equalized net grand property list, and per capita income. This program operates under Sections 3-55i through 3-55k of the General Statutes.

A summary of the expenditures for these programs follows:

	<u>2000-2001</u>	<u>Fiscal Year</u> <u>2001-2002</u>	<u>2002-2003</u>
<u>General Fund:</u>			
PILOT-State Owned Real Property	\$ 64,759,334	\$ 66,059,215	\$ 64,959,215
PILOT-PrivateColleges/General Hospitals	97,163,154	100,931,737	100,931,737
<u>Special Revenue Fund:</u>			
Mashantucket Pequot and Mohegan	<u>130,094,559</u>	<u>135,000,000</u>	<u>105,992,000</u>
Total Expenditures	<u>\$ 292,017,047</u>	<u>\$ 301,990,952</u>	<u>\$ 271,882,952</u>

CONDITION OF RECORDS

Areas warranting comment are presented below:

Procedures - Distressed Municipalities Grant:

Background: The Office of Policy and Management is responsible for various tax exemption-related grants to towns.

Subdivision (72) of Section 12-81 of the General Statutes provides a full exemption for new and newly-acquired manufacturing machinery and equipment. Individual items are exempt for five years. After the fifth year, an item is no longer eligible for this exemption. However, the company can exempt new items. Pursuant to Sections 12-94b and 12-94c of the General Statutes, the OPM fully reimburses towns for taxes lost due to this exemption.

Subdivision (60) of Section 12-81 provides an 80 percent exemption for machinery and equipment in a manufacturing facility in a distressed municipality. This exemption lasts five years. (After the fifth year, manufacturers can no longer claim this exemption even for new items.) Pursuant to Section 32-9s of the General Statutes, the OPM reimburses towns for 50 percent of the taxes lost due to this exemption.

The same manufacturing machinery and equipment could appear to qualify under both statutory provisions. However, the programs are mutually exclusive.

Criteria: The Office of Policy and Management is responsible for maintaining effective controls over its expenditures. This includes providing an accounting/audit trail over payments and processing them based on itemized billings; and ensuring that towns are not reimbursed twice for the same item under the two different tax exemptions discussed above. Subparagraph (C) of Subdivision (72) of Section 12-81 of the General Statutes provides that the same machinery or equipment item cannot be claimed under both exemptions. (The new and newly acquired manufacturing machinery and equipment exemption takes preference.)

Condition: As noted in the prior audit, although the OPM has improved their procedures they do not have procedures in place requiring timely documentation of other acquisitions. In addition, agency verifications and follow-ups were not performed in a timely manner.

Effect: In the absence of such procedures, the risk that equipment may be duplicated on claims under both tax-exempt grants and not be detected is increased.

Cause: It appears that although new procedures have been implemented, certification data is not always received in a timely manner.

Recommendation: The Office of Policy and Management should continue to implement improved procedures over the Distressed Municipalities Grant. (See Recommendation 1.)

Agency Response: “The Office of Policy and Management agrees with this recommendation.

The OPM has subsequently put corrective policies, procedures and guidelines in place to correct the cited deficiencies.

Program policy was established that avoids duplication of items on the M-55 Claim Form for Distressed Municipalities and the M-65 Claim Form for Manufacturer’s Machinery and Equipment (MM&E). All claims for Distressed Municipalities are checked by that program’s administrator against those submitted under MM&E. Also, the MM&E program administrator notifies the Distressed Municipalities program administrator of any duplication discovered during the auditing of the M-65 Claim.

If the claim review reflects a duplication, a notification letter is issued informing the municipality that it will not be paid twice for the same machinery.

The OPM also adopted a policy regarding new manufacturing companies (also known as First Year companies) that are not required to file any equipment data with the OPM in the first year of the five year property tax exemption. Under that policy, the Distressed Municipalities program administrator verifies that the amount of reimbursement requested on the M-46 Assessor’s Claim Form equals the M-47 Declaration of Machinery and Equipment Items approved by the Department of Economic and Community Development (DECD). If there is a discrepancy, the program administrator contacts the Assessor for copies of the machinery and equipment listed on the Personal Property declaration filed by the First Year company.

The OPM has also worked with the Department of Economic and Community Development to ensure that Eligibility Certification data is received from the DECD in a timely manner.

Furthermore, the OPM’s written Distressed Municipalities guidelines stipulate that the program administrator is responsible for “comparing personal property identified on the M-55 Form with that listed on the M-65 Form to ensure that there are no duplications.”

Finally, the cover letter sent to Assessors with the Distressed Municipalities claim forms states “the returns must be examined to ensure that personal property is not listed on more than one form. In particular, property cannot be listed on both the M-55 and M-65 Forms.”

Codification of the Pension Agreement Changes:

Criteria: In accordance with Sections 4-65a, 5-271 and 5-278(f)(1) of the General Statutes, the Office of Labor Relations (OLR) within the OPM has been designated to act on behalf of the State in all dealings with representatives of employees of the Executive Branch of government with respect to collective bargaining issues, including the negotiation of retirement benefits.

In accordance with Section 5-155a, subsection (c), of the General Statutes, the Retirement Division of the State Comptroller’s Office is responsible for the general supervision of the operation of the retirement system, in accordance with Chapter 66 (the State Employees’ Retirement Act) and applicable law. Said Section further states that the Retirement Commission shall act in accordance with the provisions of the General Statutes and applicable collective bargaining agreements.

Condition: The Office of Labor Relations negotiated various memoranda of agreements with the State Employees’ Bargaining Agent Coalition (SEBAC) regarding modifications to provisions of Chapter 66. These agreements, commonly referred to as SEBAC II through SEBAC V(a), provided that the language of the agreements be codified in the General Statutes. However, such codification has never been achieved.

Effect: The failure to codify the terms of the SEBAC agreements, while violating the specific terms of the agreements, has no apparent effect on the validity of the modifications to the terms of the pension agreements. However, the lack of codification makes the administration of the Retirement Act more difficult because the provisions are fragmented throughout the various documents. In order to ascertain if a provision is superseded, all of the subsequent documents must be examined.

Cause: It appears that the review process is ongoing. As part of the negotiations of the most recent SEBAC agreement, a verbal understanding was apparently reached providing for an independent review of the proposed language by a representative of the Retirement Division of the State Comptroller’s Office. The Office of the State Comptroller has been furnished with the documents containing the proposed codifying language.

Recommendation: The Office of Policy and Management's Office of Labor Relations Division should determine and take the necessary action to hasten the codification of the SEBAC agreements. In the future, the OPM should take steps to ensure that similar agreements contain the proper provisions needed to result in timely codification. (See Recommendation 2.)

Agency Response: "The Office of Policy and Management agrees with the recommendation that it should take the necessary action to hasten the codification of the Pension Plan.

The Office of Labor Relations has contacted the Director of the Retirement and Benefits Services Division of the Office of the State Comptroller and was informed that the parties should be receiving a draft copy of the language of the codified agreement, which has been written by the Plan's Actuary, by the end of September, 2007. At that time, the parties will review the language and then meet to resolve any issues. It should be noted, however, that the OPM cannot require parties outside of its control to codify agreements."

Personal Service Costs, Waiver of Competitive Bidding:

Criteria: Section 4-215, subsection (a), of the General Statutes requires competitive bidding for personal service agreements having a cost of more than \$20,000 but not more than \$50,000 and term of not more than one year. Also set out in the Statute are stipulations for sole source purchases and the granting of the associated waiver of competitive bidding by the Secretary of the Office of Policy and Management.

Section 4-215, subsection (b), of the General Statutes requires that, when applying for a waiver from competitive bidding on contracts, each State agency shall submit the following information to the Secretary: The name of the personal service contractor, a description of the services to be provided, the term and cost of the agreement, the method of selecting the contractor, the State fund from which the contractor will be paid and whether any federal or private funds will be allocated for such payments.

Section 4-216, of the General Statutes sets out competitive bidding requirements for personal service agreements having a cost of more than \$50,000 or a term of more than one year.

Section 4-216, subsection (b), of the General Statutes states that each personal service agreement having a cost of more than fifty thousand dollars or a term of more than one year shall be based on competitive negotiation or competitive quotations, unless the State agency purchasing the personal services applies to the Secretary for a waiver from such requirement and the Secretary grants the waiver in accordance with the guidelines adopted under subsection (a) of Section 4-215.

Condition: The Office of Policy and Management has acknowledged that they have repeatedly granted waivers from the competitive process in awarding personal service agreements to certain agencies. There is inconsistent gathering and recordkeeping of supporting documentation by the OPM from agencies for the granting of waivers from competitive solicitation on personal service agreements.

Effect: The competitive process that ensures that many vendors will have the opportunity to gain business with the State and enables the State to secure the best price for competent services is weakened.

Cause: It appeared that the Office of Policy and Management did not consistently require detailed substantiation when granting a waiver.

Recommendation: The Office of Policy and Management should acquire and retain detailed substantial justification when awarding a waiver from the competitive personal service agreement solicitation process. (See Recommendation 3.)

Agency Response: “The Office of Policy and Management agrees with this recommendation.

This issue has been addressed with implementation of an automated personal service agreement request process in 2006. Subsequent to the audit period, the OPM reviewed its process for granting requests for Waivers of Competitive Solicitation and developed an on-line system for the request and approval of all personal service agreement transactions. This system requires agencies to submit substantial information on proposed transactions before the OPM will grant approval of the request.”

Personal Service Agreement-Timely Approval or Disapproval by the Secretary

Criteria: Section 4-216, of the General Statutes sets out competitive bidding requirements for personal service agreements having a cost of more than \$50,000 or a term of more than one year.

Section 4-216, subsection (a), of the General Statutes states that the Secretary shall approve or disapprove an application to execute a personal service agreement within fifteen business days after receiving it and any necessary supporting information, provided that if the Secretary does not act within such fifteen-day period the application shall be deemed to have been approved.

Condition: Our examination of personal service agreements over \$50,000 revealed that the Secretary of the Office of Policy and Management had not always met the required fifteen-day response deadline. This resulted in the automatic approval of personal service agreements.

Effect: The personal service agreements approved due to the expiration of the fifteen-day period were being approved without being fully considered.

Cause: Other responsibilities may take priority periodically.

Recommendation: The Secretary should approve or disapprove applications for the execution of personal service contracts within fifteen days after receiving them from the State agencies. (See Recommendation 4.)

Agency Response: “The Office of Policy and Management agrees with this recommendation.

Approval periods of more than 15 days are generally the result of the OPM’s questions or requests for additional information. In such cases, agencies are instructed not to proceed with the personal service agreement until the OPM has received the requested information and had an opportunity to act on the proposed transaction. At this time, the OPM will explore implementing a procedural change to disapprove requests, without prejudice, if the OPM has questions or requires additional information in order to re-establish a new approval period.”

Statutory Reporting Requirements/ Connecticut Progress Council:

Criteria: Numerous sections of the General Statutes require the Secretary of the OPM to prepare and submit various reports to the Governor, the joint committees of the General Assembly and other cognizant entities. Sections 4-67m and 4-67r related to budgets and benchmarks established by the Connecticut Progress Council require biennial reports to the General Assembly. Section 4-70b is related to the purchase of human services in the State and requires a biennial report to the General Assembly. Sections 4-85d, 16a-37u, and 16a-46b require submission of reports to the General Assembly concerning energy management. Section 4-218 requires reporting on personal service agreements and Section 4d-14 requires the preparation of a strategic plan and a report on the activities of the Department of

Information Technology, including the cost savings attributable to that Department.

In accordance with Section 4-67r of the General Statutes, the Connecticut Progress Council was established to develop a long-range vision for the State and define benchmarks to measure progress and achieve the vision. The vision shall address areas of State concern, including, but not limited to, the areas of economic development, human resources and services, education, health, criminal justice, energy resources, transportation, housing, environmental quality, water supply, food production and natural and cultural resources. The Council is responsible for biennially submitting its benchmarks to the OPM for use in developing and reviewing the budget.

Condition: The Office of Policy and Management has compiled a data base of required reports and the associated due dates. A process to track the completion of the reports and their timely submission has not been established. The above statutory reporting requirements are being reviewed for continued relevance. The agency is considering a legislative package to eliminate reporting requirements that are no longer required.

The Connecticut Progress Council has not convened in many years and has not submitted biennial benchmarks to the OPM and the General Assembly.

Effect: In the absence of preparation and submission of the required reports, there is a lack of oversight by the cognizant entity.

Without updated benchmarks from the Connecticut Progress Council, the OPM has not been able to comply with the reporting requirements under Sections 4-67m, 4-67r, and 4-70b of the General Statutes.

Cause: We were informed that a combination of staffing concerns and department reorganizations have been an issue in addressing the preparation of reports.

The Agency has determined that some of the reports required by the statutes are obsolete.

Recommendation: The Office of Policy and Management should comply with all statutory reporting provisions under its purview. The OPM should also review the reporting requirements and obtain legislative action regarding reports considered to be obsolete. The OPM should encourage the Connecticut Progress Council to convene, establish/modify benchmarks, and biennially report such to the Office of Policy and Management, as indicated in Section 4-67r of the General Statutes. (See Recommendation 5.)

Agency Response: “The Office of Policy and Management agrees with this recommendation.

The OPM has completed Phase I of developing an automated data base to track its statutory reporting requirements. The system was designed to remind assigned staff when reports are due and to monitor whether or not reports have been completed.

The next phase of the project is to populate the data base (e.g., required reports, statutory references, assigned staff), test the functionality of the system and train staff.

During the population phase of the automated data base, the OPM will assess the relevance of statutory reports and will propose legislative changes to those reporting requirements determined to be irrelevant and/or obsolete.

Regarding the Connecticut Progress Council, the OPM will discuss with the General Assembly whether the statute relating to the Council should be amended or repealed to incorporate the General Assembly’s efforts relating to Results Based Accountability, which efforts are similar though not identical to the Connecticut Progress Council.”

Human Services Procurement Procedures:

Criteria: Section 4-70b of the General Statutes states that the Secretary of OPM shall establish uniform policies and procedures for obtaining, managing and evaluating the quality and cost effectiveness of human services purchased from private providers. The Secretary shall ensure that all State agencies which purchase human services comply with such policies and procedures.

Condition: Our prior audit recommended that the Office of Policy and Management comply with Section 4-70b of the General Statutes. We determined that the Office of Policy and Management has implemented mandatory policies and procedures for obtaining and managing human services. However, the Office of Policy and Management has not implemented mandatory policies and procedures for evaluating the cost effectiveness of human services purchased from private providers.

Effect: The agency lacks a standardized means of evaluating the purchased services due to the lack of uniform policies and procedures which measure the quality and cost effectiveness of human services purchased from private providers.

Cause: It appears that the Office of Policy and Management has not completed the implementation of uniform policies and procedures regarding human services purchased from private providers.

Recommendation: The Office of Policy and Management should establish and make mandatory uniform policies and procedures for evaluating the quality and cost effectiveness of human services purchased from private providers. (See Recommendation 6.)

Agency Response: “The Office of Policy and Management agrees with this recommendation.

The OPM has begun to address the cost effectiveness and quality of the services the State purchases from private providers through the establishment of statewide standards for the competitive procurement of health and human services. This effort currently is underway in collaboration with State agencies and in consultation with representatives of the private provider community. When completed in 2008, these standards for an open and transparent contracting process will direct State agencies to use the re-bidding process to ensure the purchase of an optimum mix of services at the most competitive price.”

Special Project Grants:

Criteria: Sound grant management practices suggest that documentation of the process used to award grant funds be established and grantee reports and/or State Single Audits regarding use of such grant funds should be pursued.

Sections 4-230 through 4-236, of the General Statutes require organizations expending a total amount of State financial assistance equal to or in excess of \$100,000 in that fiscal year, to submit a program-specific or State Single Audit report for such fiscal year. The report is due no later than six months after the end of the audit period.

Condition: During the fiscal years ended June 30, 2002 and 2003, the Office of Policy and Management issued \$1,150,500 and \$157,500, respectively, in grant funds for special projects of various municipal and non-profit entities from its other expenses appropriation. As of the end of our field work in June, 2006, the OPM had not received the required audits or final reports for five of the grants valued at \$850,000.

We were informed that the grants are issued by the OPM without solicitation, but merely upon communication from political leaders. Final program-specific audit reports and/or State Single Audits regarding the grantees' use of funds were not always available.

- Effect:* Without the required State Single Audit or program-specific audit reports from grantees, it is not known if grant conditions were met and/or if the funds were fully expended.
- Cause:* It appears that the lack of grant monitoring is due to a lack of administrative oversight.
- Recommendation:* The Office of Policy and Management should monitor the award of grant funds and obtain required grantee audit reports. (See Recommendation 7.)
- Agency Response:* “The Office of Policy and Management agrees with this recommendation.
- The OPM informs grantees of their reporting requirements at the time of the grant award and at the end of the grant award period. The OPM will follow up with grantees who have not complied with financial reporting requirements in a timely manner.”

State-Owned Real Property Payments in Lieu of Taxes (PILOT):

- Background:* Property taxes are not collected by cities and towns on State-owned real property. The State of Connecticut makes payments to cities and towns for State-owned properties located therein to compensate for tax revenue losses. These payments are payments in lieu of taxes (PILOT).
- Criteria:* Section 12-19a of the General Statutes states that the Office of Policy and Management shall determine the amount due, as a State grant in lieu of taxes, to each town where State-owned real property is located.
- Proper internal control dictates that a mechanism should be in place to determine when State property is conveyed in order to ensure its removal from the property control record for accurate reimbursement for the municipality’s claim.
- Condition:* We determined that the reporting mechanism in place to monitor when State property is conveyed is not sufficient to verify such information to claims for PILOT payments.
- Effect:* Due to the lack of a sufficient reporting mechanism the risk of an incorrectly calculated reimbursement is increased. However, it should be noted that total expenditures of this program are a fixed amount and not affected; in the case of an incorrect calculation, the pro-ration of funds to individual municipalities would be in error.
- Cause:* It appears that the OPM is relying on the diligence of the municipality regarding the accuracy of its claims.

Recommendation: The Office of Policy and Management should take steps to ensure the accuracy of PILOT payments for State-owned real property. (See Recommendation 8.)

Agency Response: “The Office of Policy and Management agrees in part with this recommendation.

The OPM estimates that it currently identifies well over 90 percent of State transfers. The current claim process requires all towns implementing a revaluation to provide the OPM with the street cards for each State-owned property claimed in that revaluation year. The cards provide the grant administrator with data not only on a property’s address, value and characteristics, but also on a property’s historical ownership and deed reference. The card for each State-owned property is then compared by address and ownership with each State-owned property from the previous year in order to substantiate eligibility in the new claim year.

Currently, many State agencies are required to procure approval from the Secretary of the OPM before they can dispose of State owned property in their inventory. To increase the OPM’s identification of State transfers, the OPM plans to initiate a process whereby the individual administering the State-Owned Real Property PILOT grant will check with the OPM staff member who tracks these dispositions to make sure the lists are accurate. As some State entities are exempt from the requirement to get OPM approval before they dispose of property (e.g. the Connecticut State University System and the University of Connecticut), the OPM will propose amending current State statutes to require all State entities to notify the OPM prior to the disposition of State-owned land.”

RECOMMENDATIONS

Our prior report on the fiscal years ended June 30, 2000 and 2001, contained a total of 12 recommendations. Of those recommendations, six have been implemented, satisfied, or otherwise, regarded as resolved. The status of those recommendations contained in this prior report is presented below.

Status of Prior Audit Recommendations:

- The Office of Policy and Management should continue to implement improved procedures over the Distressed Municipalities Grant. This recommendation is being repeated. (See Recommendation 1.)
- The Office of Policy and Management's Office of Labor Relations Division should consult with all parties impacted by the proposed codification of the SEBAC agreements in order to determine what action needs to be taken to hasten the process. In the future, OPM should take steps to ensure that similar agreements contain the proper provisions needed to result in timely codification. This recommendation is being repeated. (See Recommendation 2.)
- OPM should monitor its newly-implemented procedures to ensure proper internal control policies over the documentation of contractual services expenditures. This recommendation has been satisfied.
- The Office of Policy and Management should increase efforts to maintain controls over equipment. This recommendation is satisfied by current testing.
- The Office of Policy and Management should comply with all statutory reporting provisions under its purview. OPM should attempt to encourage the Connecticut Progress Council to convene, establish/modify benchmarks, and biennially report such to the Office of Policy and Management as indicated in Section 4-67r of the General Statutes. This recommendation is being repeated. (See Recommendation 5.)
- OPM should comply with Section 4-70b of the General Statutes by formally issuing uniform policies and procedures regarding the procurement of human services by which State agencies may be evaluated for compliance. This recommendation has been partially satisfied and is being repeated in part. (See Recommendation 6.)
- The Office of Policy and Management should establish written procedures covering the recognition and recording of accounts receivable and consider canceling uncollectible items in accordance with Section 3-7 of the General Statutes. This recommendation has been satisfied.
- The Office of Policy and Management should establish formal criteria, consistent with the intentions of the legislature, over the issuance and monitoring of special project grants authorized out of the Other Expenses appropriation. This recommendation is being repeated. (See Recommendation 7.)

- OPM should consider amending its State Regulations regarding the information required from municipalities to include the identification of the specific benefits applied for and include as part of its procedures to review the propriety of such benefits and their respective amounts. This recommendation has been satisfied.
- OPM should comply with Section 3-55j, subsection (e), and Section 7-528, subsection (a), of the General Statutes by using the proper population data when calculating grants. This recommendation has been satisfied.
- In cooperation with the Departments of Transportation, Environmental Protection and Public Works, the Office of Policy and Management should establish a prompt reporting mechanism for the conveyance of State property as a tool for determining the accuracy of municipal claims for the State-Owned Property PILOT program. This recommendation is being repeated. (See Recommendation 8.)
- OPM should exercise greater scrutiny in determining the eligibility of property for purposes of reimbursement under Section 12-20a of the General Statutes. This recommendation has been satisfied.

Current Audit Recommendations:

1. The Office of Policy and Management should continue to implement improved procedures over the Distressed Municipalities Grant.

Comment:

The OPM does not have procedures in place regarding timely documentation of other acquisitions. In addition, Agency verifications and follow-ups were not consistently performed.

2. The Office of Policy and Management's Office of Labor Relations Division should determine and take the necessary action to hasten the codification of the SEBAC agreements. In the future, the OPM should take steps to ensure that similar agreements contain the proper provisions needed to result in timely codification.

Comment:

The OPM Office of Labor Relations and the State Employees' Bargaining Agent Coalition, SEBAC successfully negotiated modifications to Chapter 66 of the General Statutes. Their agreement provided for codification of the modifications. The modifications have not yet been codified in the General Statutes.

- 3. The Office of Policy and Management should acquire and retain detailed substantial justification when awarding a waiver from the competitive personal service agreement solicitation process.**

Comment:

We noted inconsistent gathering and recordkeeping of supporting documentation by the OPM from agencies for the granting of waivers from competitive solicitation on personal service agreements.

- 4. The Secretary should approve or disapprove applications for the execution of personal service contracts within fifteen days after receiving them from the State agencies.**

Comment:

We noted that the Secretary of the Office of Policy and Management had not always met the required fifteen-day response deadline. This resulted in the automatic approval of personal service agreements.

- 5. The Office of Policy and Management should comply with all statutory reporting provisions under its purview. The OPM should also review the reporting requirements and obtain legislative action regarding reports considered to be obsolete. The OPM should encourage the Connecticut Progress Council to convene, establish/modify benchmarks, and biennially report such to the Office of Policy and Management, as indicated in Section 4-67r of the General Statutes.**

Comment:

We noted that although the OPM has compiled a data base of required reports and the associated due dates, a process to track the completion of the reports and their timely submission has not been established. In addition, the Connecticut Progress Council has not convened in many years and has not submitted biennial benchmarks to the OPM and the General Assembly.

- 6. The Office of Policy and Management should establish and make mandatory uniform policies and procedures for evaluating the quality and cost effectiveness of human services purchased from private providers.**

Comment:

We determined that the OPM has implemented mandatory policies and procedures for obtaining and managing human services. However, the Office of Policy and Management has not implemented mandatory policies and procedures for evaluating the cost effectiveness of human services purchased from private providers.

7. The Office of Policy and Management should monitor the award of grant funds and obtain required grantee audit reports.

Comment:

Our review noted that the OPM had not consistently obtained required audits or final reports for all grants administered.

8. The Office of Policy and Management should take steps to ensure the accuracy of PILOT payments for State-owned real property.

Comment:

We determined that the reporting mechanism in place to monitor when State property is conveyed is not sufficient to verify such information to claims for payments in lieu of taxes (PILOT).

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes, we have audited the books and accounts of the Office of Policy and Management for the fiscal years ended June 30, 2002 and 2003. This audit was primarily limited to performing tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grants, and to understanding and evaluating the effectiveness of the Agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grants applicable to the Agency are complied with, (2) the financial transactions of the Agency are properly recorded, processed, summarized and reported on consistent with management's authorization, and (3) the assets of the Agency are safeguarded against loss or unauthorized use. The financial statement audits of the Office of Policy and Management for the fiscal years ended June 30, 2002 and 2003, are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Office of Policy and Management complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grants and to obtain a sufficient understanding of the internal control to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

Compliance:

Compliance with the requirements of laws, regulations, contracts and grants applicable to the Office of Policy and Management is the responsibility of the Office of Policy and Management's management.

As part of obtaining reasonable assurance about whether the Agency complied with laws, regulations, contracts, and grants, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the Agency's financial operations for the fiscal years ended June 30, 2002 and 2003, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial or less than significant instances of noncompliance, which are described in the accompanying "Condition of Records" and "Recommendations" sections of this report.

Internal Control over Financial Operations, Safeguarding of Assets and Compliance:

The management of the Office of Policy and Management is responsible for establishing and maintaining effective internal control over its financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts and grants applicable to the Agency. In planning and performing our audit, we considered the Agency's internal control over its financial operations, safeguarding of assets, and compliance with requirements that could have a material or significant effect on the Agency's financial operations in order to determine our auditing procedures for the purpose of evaluating the Office of Policy and Management's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grants, and not to provide assurance on the internal control over those control objectives.

However, we noted certain matters involving the internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that, in our judgment, could adversely affect the Agency's ability to properly record, process, summarize and report financial data consistent with management's authorization, safeguard assets, and/or comply with certain provisions of laws, regulations, contracts, and grants. We believe the following findings represent reportable conditions: the failure to approve or disapprove applications for personal service contracts within fifteen days after receipt, thereby automatically approving them and the inconsistent gathering of required grantee audit reports.

A material or significant weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants or the requirements to safeguard assets that would be material in relation to the Agency's financial operations or noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions to the Agency being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over the Agency's financial operations and over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material or significant weaknesses. However, we believe that none of the reportable conditions described above is a material or significant weakness.

We also noted other matters involving internal control over the Agency's financial operations and over compliance which are described in the accompanying "Condition of Records" and "Recommendations" sections of this report.

This report is intended for the information of the Governor, the State Comptroller, the Appropriations Committee of the General Assembly and the Legislative Committee on Program Review and Investigations. However, this report is a matter of public record and its distribution is not limited.

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies shown to our representatives during the course of our audit. The assistance and cooperation extended to them by the personnel of the Office of Policy and Management greatly facilitated the conduct of this examination.

Josepha M. Brusznicki
Principal Auditor

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts